

MEDICAID TO MEDICARE PAYMENT PARITY

AAFP Position

The American Academy of Family Physicians (AAFP) [policy](#) supports Medicaid payment for primary care services at least equal to Medicare's payment rate for those services provided by a primary care physician and is [supportive](#) of federal legislation to ensure payment parity. Any [health care coverage expansion](#) that includes a Medicaid "buy-in" option must include at least Medicaid-to-Medicare payment parity for the services provided to the patients of primary care physicians.

Background

Low Medicaid physician payment has historically created a [barrier](#) to health care access for Medicaid enrollees. Medicaid physician payments remain, in general, far [lower](#) than both Medicare and private insurance payment rates for the same services. Physicians have [cited](#) low reimbursement rates and significant administrative burden as the main reason for not accepting new Medicaid patients. In 2019, family physicians were [less likely](#) to accept new Medicaid patients than Medicare or private insurance patients. Increasing Medicaid payment has been suggested as a solution to increasing physician participation in the Medicaid program, ensuring health equity, and eliminating barriers to access for the Medicaid population.

[Prior](#) to the passage of the ACA, the Medicaid-to-Medicare fee index, or the fraction of the Medicare payment rate paid to physicians for Medicaid services, was 0.66 for all services and 0.59 for primary care services. The Medicaid primary care fee ratios varied widely from state to state, ranging from 0.37 in Rhode Island to 1.34 in North Dakota. The Medicaid-to-Medicare fee gap for both primary care services and all services widened from 2008 to 2012 as state budgets tightened.

Federal Medicaid Primary Care Payment Parity Legislation

The Affordable Care Act (ACA) included a two-year increase in Medicaid primary care payment rates funded by the federal government to bring them in line with Medicare payment rates. These changes applied to CPT codes 99200-99450, and covered care provided by certain primary care physicians and other clinicians. The pay bump, which lasted from 2013-2014, also included language and funding to increase payments for vaccine administration. This support applied to Medicaid fee-for-service and managed care arrangements and was intended to encourage primary care physicians to care for existing and newly enrolled Medicaid patients under the ACA's Medicaid expansion. The increased Medicaid payment rates for primary care providers led to improved appointment [availability](#) and [access](#) to care for enrollees. Despite these promising findings, federal funding was not reauthorized by Congress beyond 2014 which led many states to revert to the lower payment levels prior to the bump.

Legislation introduced in the [House](#) and [Senate](#) in recent years to address Medicaid parity would raise Medicaid payment rates for primary care clinicians to match those of Medicare and help alleviate barriers to care for patients. Not only does inadequate Medicaid payment threaten the financial stability of primary care physicians and their practices, it endangers access to primary and preventive care for Medicaid enrollees if practices are unable to remain open – a dilemma worsened by the COVID-19 pandemic.

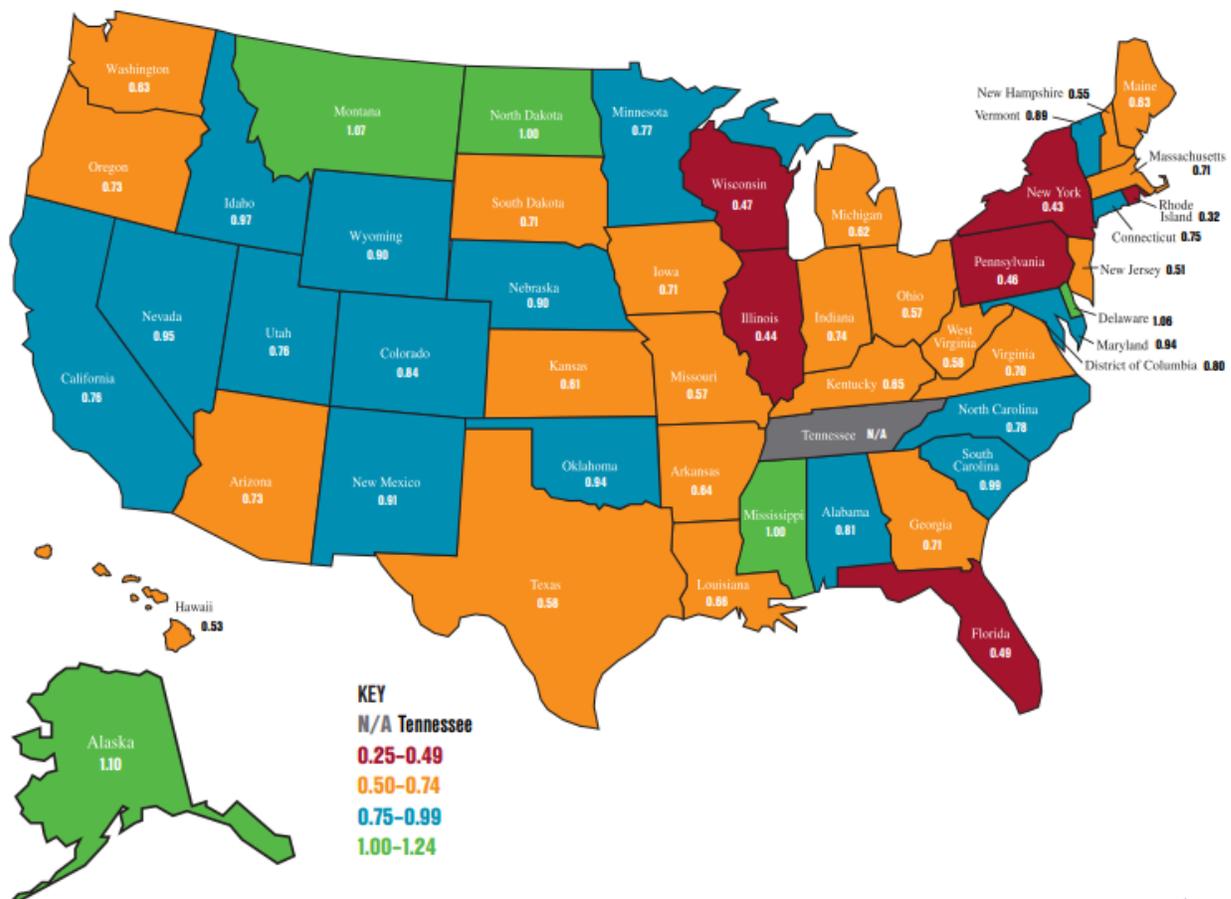
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Medicaid-to-Medicare 2019 Primary Care Fee-for-Service Rates¹



Compared to pre-pay bump levels, the gap between Medicaid and Medicare payment parity has decreased slightly on a national level. As of 2019, five states (AK, DE, MO, MS, ND) have reached or exceeded Medicaid-to-Medicare payment parity, while six states (FL, IL, NY, PA, RI, WI) pay physicians less than half the Medicare rate for Medicaid services.

State Approaches to Improving Medicaid Payment

In the absence of federal action, several states have taken innovative approaches to fund Medicaid payment increases in their states:

- In Maine, enhanced funding for Medicaid for primary care services was continued in the [2016-2017 Biennial Budget](#). The budget included almost \$15 million to make up for expired federal funds and reimburse primary care providers at 100% of Medicare rates.
- Georgia also passed increased Medicaid reimbursement rates for primary care services through the [state budget](#). [Select primary care codes](#) for Medicaid services in Georgia were increased to 100 percent of 2014 Medicare levels.
- A special session in Alabama's legislature in September 2016 passed a [bill](#) that used a portion of the state's share of the 2010 Gulf oil spill settlement to restore Medicaid parity for primary care physicians through 2018.
- North Carolina increased payment for Medicaid primary care providers through a [state plan amendment](#) effective January 2019.

Updated: February 2021

¹ Zuckerman S, Skopec L, Arons J. (2021). "Medicaid Physician Fees Remained Substantially Below Fees Paid By Medicare In 2019." *Health Affairs*. Web.